

PRESIDENT'S BUDGET ON HOUSING & COMMUNITY DEVELOPMENT: MORE OF THE SAME MISPLACED PRIORITIES *PUTTING SPECIAL INTERESTS AHEAD OF AMERICA'S FAMILIES*

Key Points:

- **The Bush budget slashes senior housing by 26 percent – at a time when nine seniors are waiting for each Section 202 senior housing unit that becomes available.**
- **The Bush budget slashes housing for people with disabilities by 50 percent – including virtually eliminating building new affordable housing units for people with disabilities.**
- **The Bush budget eliminates all funding for the construction or preservation of affordable housing units in rural areas; eliminates the \$17 million Rural Housing and Economic Development Grants program; and cuts rural rental assistance by 25 percent.**

Democrats believe that we must pursue new policies that take our country in a different direction. The Bush Administration's FY 2007 budget fails on that score; it continues with more of the same wrong priorities that have taken our country in the wrong direction. It put special interests first and the American people last. It is fiscally reckless, adding trillions to the deficit over the next 10 years, and morally irresponsible, slashing funding for key priorities critical to America's middle class. Democrats are fighting to restore fiscal responsibility and to bring real solutions to the American people, along with economic prosperity, a strong national defense, affordable health care and energy, and strong public schools.

Slashes core HUD programs by a net cut of \$1.15 billion. The President's budget continues a five-year effort by the Bush Administration to dismantle or make deep funding cuts to critical federal housing programs. The Administration's assault on housing programs has been targeted at lower income working families and our most vulnerable seniors, people with disabilities, and families with children. The President's budget includes gross cuts in core HUD housing and community development programs of \$1.6 billion. When offset against increases in a few selected programs, the President's budget includes a net cut of \$1.15 billion.

Cuts Section 202 senior housing by 26 percent. The President's budget proposes cutting funding for the critically important Section 202 senior housing program by \$189 million or 26 percent – from \$736 million in FY 2006 to \$546 million in FY 2007. If enacted, this would result in a 39 percent cut in real terms in the housing program for seniors since President Bush took office. This program builds affordable housing units for seniors. This cut comes at a time when over 8.4 million seniors make less than \$10,500 a year, and 1.4 million very low-income seniors pay more than 50 percent of their income for rent or live in substandard housing. This cut also comes at a time when estimates are that there are as many as nine seniors waiting for each Section 202 unit that becomes available.

Slashes Section 811 housing for people with disabilities by 50 percent. The President's budget proposes slashing funding for the vital Section 811 housing for people with disabilities program by \$118 million or 50 percent – from \$238 million in FY 2006 to \$119 million in FY 2007. If enacted, this would result in a 53 percent cut in real terms in the Section 811 program since President Bush took office. The budget would also virtually eliminate the program's role in building new affordable housing units for people with disabilities – by reducing funding for new construction from \$156 million in FY 2006 to only \$16 million in FY 2007. This would mean that fewer than 200 new units for people with disabilities would be built. This housing construction program would be virtually eliminated despite the fact that the program has been used effectively by faith-based organizations and other non-profit organizations.

Cuts public housing programs by 8 percent. The President's budget proposes cutting funding for public housing programs by \$459 million or 8 percent. If enacted, this would result in a 32 percent cut in real terms in public housing programs since President Bush took office. Once again, the bulk of the cuts are in the Public Housing Capital Fund, which is used to repair and maintain units. For the fourth year in a row, the Administration is also trying to eliminate the highly successful HOPE VI program to revitalize distressed and obsolete public housing projects. While the Administration has not succeeded so far in killing the HOPE VI program, funding has fallen from \$574 million just a few years ago to only \$99 million in FY 2006.

Cuts Community Development Block Grants by 20 percent. The President's budget proposes cutting funding for Community Development Block Grants (CDBGs) by \$736 million or 20 percent. If enacted, this would result in a 42 percent cut in real terms in Community Development Block Grants since President Bush took office. Cities and counties use flexible Community Development Block Grants to meet critical local community development, infrastructure, and affordable housing needs.

Eliminates funding for building or rehabilitating USDA Section 515 rural housing units. The President's budget abandons the federal role in preserving the existing affordable housing stock of over 500,000 Section 515 rural rental housing units. A November 2004 study concluded that 92 percent of this 515 housing stock was worthy of being preserved, at a cost of \$210 million in the first year, and \$2.6 billion over the long run. Yet, instead of addressing this need, the President's budget is the first since 1963 that fails to ask for a single dollar for building or rehabilitating Section 515 rural units.

Cuts funding for USDA rural rental assistance by 25 percent. The President's budget proposes cutting funding for rural rental assistance by \$161 million or 25 percent. The budget amount reflects a shift from four-year contracts to two-year contracts. Rural rental assistance payments bridge the gap between what low-income tenants are expected to pay for rent – 30 percent of their income – and the operating costs of the projects where they reside.

Eliminates HUD Rural Housing and Economic Development Grants. The President's budget eliminates the \$17 million Rural Housing and Economic Development Grant program, which encourages new and innovative approaches to serve the housing and economic development needs of rural populations through grants to local community-based organizations.

Continues shifting Section 8 housing voucher program toward a block grant. The budget provides \$15.9 billion for Section 8 housing vouchers. Traditionally, the budget for housing vouchers was based on the cost of maintaining the number of families served. The President's budget continues a shift begun in 2004 away from this "unit-based" budgeting approach to a "dollar-based" approach, which means that local public housing authorities will receive a dollar amount that may bear no relation to the actual cost of serving families.

Cuts lead abatement program by 23 percent. The President's budget proposes cutting funding for the lead abatement program by \$35 million or 23 percent. The lead abatement program is used to ameliorate health risks to children in older apartments with health-threatening lead paint hazards.

Eliminates several key community and economic development programs. The President's budget also proposes eliminating a series of critical community and economic development programs, including HUD Brownfields Redevelopment Grants (funded at \$25 million in recent years), Urban Empowerment Zones, Section 108 CDGB loans that cities use to leverage larger-scale economic development projects, and National Community Development Initiative (NCDI) grants to LIISC, Enterprise, and Habitat, which are used to leverage economic development and housing.

